

Supply Notice

LOGISTICS
File Category 25

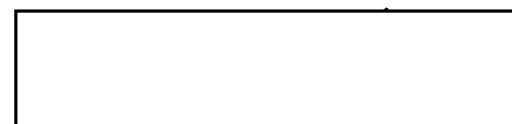
SN 45-84
March 1981

SUBJECT: New Transaction Codes for the Inventory Control System

Supply Division is activating a new series of transaction codes in the Inventory Control System (ICS) to accommodate purchases that were previously coded "NAR" and not entered in ICS processing. These new codes have a first digit of "8" and will not update the Office of Finance (OF) General Accounting System (GAS).

These new codes are:

- a. 8A: All requests for material that were formerly coded "NAR" with the exception of SPB actions.
- b. 8B: All requests for "Repair and Return."
- c. 8C: All requests for material that is being purchased by SPB. (All of the ICS input for this transaction code will be the responsibility of SPB)
- d. 8D: For future use for "Shipping Purposes Only" transactions.



Chief, Supply Division, OI

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Distribution D

NOTE:

Will be advised of effective date

ADMINISTRATIVE INTERNAL USE ONLY

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DD/S&T# 2347-78

31 MAY 1978

DD/A Registry

48-2245

MEMORANDUM FOR: Deputy Director for Administration

FROM: Thomas B. Yale
Director of FinanceJames H. McDonald
Director of LogisticsJames H. Taylor
ComptrollerSUBJECT: Agency MPA/PRA System for Funding Property
Procurement by Office of Logistics

1. Action Requested: This memorandum requests your approval for continuation of the existing MPA/PRA System for funding property procurement by the Office of Logistics.

2. Basic Data:

a. MBO OF-28-78, joint with the Office of Logistics and in coordination with the Office of the Comptroller, required a review of findings of previous PPA/PRA studies as basis for decision respecting possible conversion to a direct funding approach for all materiel procurement. A working group of representatives of the Office of the Comptroller, the Office of Logistics, and the Office of Finance conducted the review. Working group members were [redacted] Logistics, and [redacted] Finance. This memorandum is based upon the findings of the working group.

b. The Office of Logistics prepared a report in May 1974 based on an extensive review of the PPA/PRA (now MPA/PRA) System and alternative systems in 1974. That report suggested that the Agency consider direct funding or some other alternative to MPA/PRA for funding and control of personal property. The principal advantages and disadvantages of the MPA/PRA System were cited as follows:

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(1) Advantages

(a) The system had been successful in meeting the requirements of Agency budget policy for centralized procurement of inventory with funds budgeted by the user.

(b) Transfer of total funding authority for materiel procurement to the Office of Logistics permitted: 1) flexibility in adding or dropping items from the common stocks inventory based upon current experience and projected needs, 2) flexibility in timing of inventory procurement, and 3) centralized tracking of inventory purchases made by cognizant components.

(c) The system provided highly centralized appropriation controls over procurement which provided for less time-consuming and better coordination of activities among the Office of Comptroller, the office maintaining obligation controls (Budget and Fiscal Branch/OL in this case), the procurement element, and the component of the Office of Finance concerned with payment of invoices.

(d) Uniformity of procedures for initiating and processing requisitions through the supply system increased efficiency.

(2) Disadvantages

(a) Redundancy of financial and budgetary controls over the acquisition of property procured specifically for user office.

(b) Resulted in budget presentations that did not clearly differentiate between inventory and use requirements.

(c) The system was oversimplified in contrast with the unique characteristics of the Agency's materiel requirements and inhibited efforts to streamline procedures or to reduce workload of the several systems contributing to the Agency's materiel program.

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c. At the time of the 1974 review, PRA records were maintained manually and the automated Inventory Control System (ICS) was not yet operational. Duplication of control required extensive labor to reconcile amounts recorded in different systems. In the manual system, such duplication was very burdensome and its cost effectiveness was questionable.

d. The successful development of major automated systems such as GAS/FRS and ICS has significantly changed the day-to-day operation of MPA/PRA. The manual records have been replaced by a highly sophisticated integrated accounting/budget system that interfaces with the Logistics ICS system in a timely fashion. The ICS/GAS systems have been developed for the present PRA System with the end product being a report (Open Encumbrance Activity Report) that when combined with the Open Obligations Activity Report presents the financial position as of a specified date for each component. The end product of ICS also automatically updates various general ledger accounts which provide financial control over property. Automated systems also have reduced redundancy to a minimum and permit tracking and control of PRA and MPA. Every line item of every requisition is tracked from the ICS system to the accounting system. Edit and validation routines have been established to minimize errors. Additionally, separate automated tracking systems have been established for PRA and MPA (PRATS and MPATS). These systems are based on ICS "spin-offs" and can provide current reports on PRA and MPA status whenever required. It is the consensus of concerned officials that the system is working well and represents a great improvement over the system as it was operating at the time of the 1974 review.

3. Staff Position: Analysis by the working group supports the following conclusions:

a. The MPA/PRA environment has substantially changed from that of the date of the original study. This is due mainly to the automation of the PRA which eliminated the manual effort previously required by component Budget and Fiscal Officers to record encumbrances and then identify the liquidation of PRA encumbrances by matching issues listings against the encumbrances.

b. The MPA/PRA System is now working better than at any time in the past because of the implementation of automated tracking systems,

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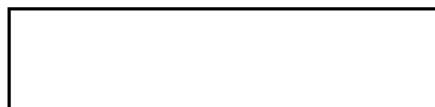
c. Any change from the present system would have a major impact on and require major and time consuming changes in the procedures which support the procurement process in the user offices and in the Office of Logistics. The change could also be expected to have major impact on the computer programming for the Inventory Control System and, depending upon the procedures, on the General Accounting System and the Financial Resources System.

d. Adoption of the direct funding approach discussed in the May 1974 report would also increase the general support category of the Agency budget by the amount of procurement dollars used for Logistics cognizant property. Most of the funds involved are now budgeted by non-DDA components and thus are reflected in other Agency budget categories.

4. Recommendation: It is recommended that the present MPA/PRA System be retained.

Thomas B. Yale

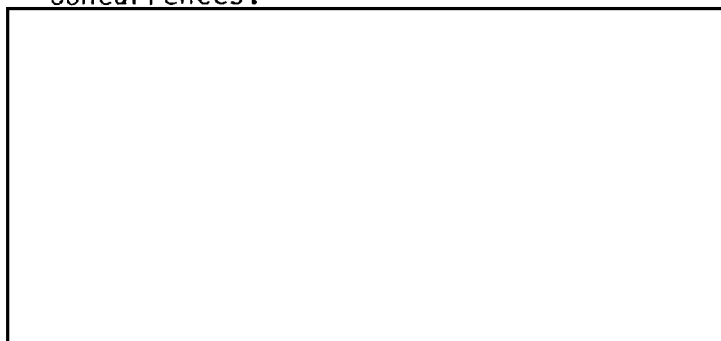
James H. McDonald



James H. Taylor

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Concurrences:



Chief, EPDS/Controller
Directorate of Operations

53 4/24/78
Date

5/23/78
Date

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